

## Message Text

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PAGE 01 QUITO 01068 180914Z  
ACTION ARA-14

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INR-10 NSAE-00 EB-08 COME-00 TRSE-00 AID-05 /065 W  
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TO SECSTATE WASHDC 7349

C O N F I D E N T I A L QUITO 1068

E.O. 11652: GDS  
TAGS: ECIN, ECON, PFOR  
SUBJECT: PRM-8 FOLLOW-UP: LATIN AMERICA

REF: LETTER FROM DEPUTY ASSISTANT SECRETARY ARELLANO,  
JANUARY 30

1. MY STAFF AND I HAVE READ WITH INTEREST THE PAPER  
ATTACHED TO THE REF LETTER. WE BELIEVE THE ANALYSIS IN THE  
PAPER IS ACCURATE. THE ASSUMPTIONS, THE ISSUES  
AND THE CONCLUSIONS CAN BE SAID, BY AND LARGE, TO FIT  
ECUADOR AS WELL AS THOSE OF ANY BROAD-GUAGED ANALYSIS COULD.

2. WE HAVE HAD OCCASION TO REALIZE THAT THE ECUADOREAN  
FOREIGN MINISTRY'S DEVOTION TO THIRD-WORLD POSITIONS IS  
NOT MATCHED IN OTHER SECTORS OF THE GOE. IN ONE INSTANCE,  
WHEN THE GOE VOTED AGAINST THE U.S. POSITION ON THE GUAM  
RESOLUTION, AT A TIME WHEN THE GOE DEFENSE MINISTRY WAS  
SEEKING STEPPED-UP U.S. MILITARY ASSISTANCE, WE WERE ABLE  
TO PREVAIL UPON THE LATTER TO PUT PRESSURES ON THE FOREIGN  
MINISTRY, WITH THE RESULT THAT IN A SUBSEQUENT VOTE IN THE  
UN ON THIS ISSUE ECUADOR CHANGED ITS POSITION IN OUR  
FAVOR. WE REMAIN ON THE ALERT FOR OPPORTUNITIES  
OF THIS SORT; INCLUDING IN THE AREA OF GLOBAL ECONOMIC ISSUES.

3. ECUADOR'S SUPPORT OF G-77 AND OTHER THIRD WORLD  
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POSITIONS DERIVES BASICALLY, OF COURSE, FROM A PERCEPTION  
THAT SOLIDARITY WITH THOSE FORCES CAN PRODUCE MATERIAL  
BENEFITS IN NEGOTIATING WITH THE INDUSTRIALIZED WORLD.  
TO DATE, HOWEVER, ECUADOR HAS SEEN FEW SUCH BENEFITS  
MATERIALIZE. PARTICULARLY DISAPPOINTING TO ECUADOREANS  
HAS BEEN THE COUNTRY'S MEMBERSHIP IN OPEC. AT THE TIME  
OF ENTRY INTO OPEC IN 1973, THE ECUADOREANS BELIEVED

THEY WOULD REAP SUBSTANTIAL BENEFITS IN THE FORM OF CONCESSIONARY ASSISTANCE; THINGS HAVE NOT WORKED OUT THAT WAY, AND IN FACT ECUADOR HAS FOUND ITSELF OBLIGED TO CONTRIBUTE TO OPEC'S FUND FOR ASSISTANCE TO LDCS, SOME OF WHICH ARE MORE DEVELOPED THAN ECUADOR ITSELF. THE EMBASSY IN CONVERSATION WITH GOE DECISION MAKERS IS TRYING TO DEMONSTRATE THAT A BIRD IN THE HAND FROM THE DEVELOPED COUNTRIES IS WORTH TEN IN THE BUSH FROM THE G-77 APPROACH.

4. IN CONNECTION WITH THE LATTER POINT, WE CONSIDER THAT ECUADOR OFFERS SIGNIFICANT OPPORTUNITIES FOR BILATERAL COOPERATION UNDER THE NEW MIDDLE-INCOME COUNTRY INITIATIVE, ESPECIALLY TITLE XII TO REMEDY CERTAIN DEFICIENCIES IN AGRICULTURAL RESEARCH, AND GROSS WEAKNESSES IN AGRICULTURAL EDUCATION AND EXTENSION. WE LOOK FORWARD TO THE TITLE XII BASE-LINE STUDY WE HAVE ASKED TO BE INITIATED IN FY 78; IN CASE WE SHOULD DETERMINE TO RENEW AN AID PROGRAM IN ECUADOR AFTER RETURN TO CIVILIAN CONSTITUTIONAL GOVERNMENT.

5. THE PHILOSOPHIES OF SOME OF THE LEADING PRESIDENTIAL CANDIDATES IN THE ELECTIONS TO BE HELD THIS YEAR GIVE FURTHER ROOM FOR CAUTIOUS OPTIMISM. THE LEADING POPULIST CANDIDATE, FOR INSTANCE, BELIEVES THAT THE ECUADOREAN CONSUMER HAS BEEN SACRIFICED TOO MANY TIMES ON THE ALTAR OF INTERNATIONAL POSTURING.  
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THE LIBERAL AND CONSERVATIVE CANDIDATES ARE SIMILAR VIEWS MUCH MORE PRAGMATIC AND DUBIOUS ABOUT G-77 SOLUTIONS, ALTHOUGH THEIR PERSONAL VIEWS IN THIS AREA MAY BE COMPROMISED BY PLATFORM COMMITMENTS MADE TO COALITION PARTNERS OF A MORE ROMANTIC BENT. IN SUCH CASES, THE US ABILITY TO DEMONSTRATE IMMEDIATE PRACTICAL BENEFITS OF PROGRAMS WHICH FALL SHORT OF G-77 ASPIRATIONS WILL BE PIVOTAL IN BRINGING ABOUT A MORE MODERATE PERFORMANCE BY ECUADOR IN THE FUTURE.  
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## Message Attributes

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